

RESOURCES SCRUTINY PANEL

6th September 2012

LOCAL COUNCIL TAX SUPPORT

Report of the Strategic Director for Resources

STRATEGIC AIM:	Delivering Council Services within our Medium Term Financial Plan
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1. PURPOSE OF THE REPORT

- 1.1 To update the Scrutiny Panel on the development of the Local Council Tax support scheme.

2. RECOMMENDATIONS

- 2.1 **That the Scrutiny Panel notes the progress to date on consultation, the comparative data from other authorities and the work in progress to model the potential impact of the changes.**

3. PROGRESS TO DATE

3.1 Consultation

The public consultation commenced on 2nd August 2012 and will end on 28th September 2012. Various activities are being undertaken to ensure that residents are made aware of the consultation in a cost effective way, including the following:

- Web based consultation – a dedicated page on our website
- A direct letter to all working-age claimants – 600 letters
- A direct letter to a random selection of taxpayers – 600 letters
- Customers services briefing – to promote consultation
- Article in One Council Newsletter- to raise staff awareness
- Twitter promotion – to promote the web based consultation
- Letter to Parish councils – to provide information
- Press release to local media- to promote local interest
- Library events – over a 2 week period to promote consultation
- Mobile Library – postcard to hand out to users of the service

A formal letter has been sent to the Fire and Police Precepting authorities as part of the consultation process.

The consultation data should be available from the week commencing 1st October 2012, when Officers will start to analyse the data and prepare a report for members. The attached report at Appendix A provides scrutiny with an example of the report that will be provided to Officers.

A number of sessions were held at the libraries across the County, with Benefits Officers talking to members of the public and informing them of the potential changes and reasons for the changes. The following table summarises the activity. The response rate on the days was approximately 7%, however completed forms are now being received through the post therefore the overall response rate is expected to be higher.

Library	Date	Forms handed out	Post cards given out	Forms completed
Oakham	14.8.2012	26	14	1
Ketton	15.8.2012	12	1	1
Uppingham	17.8.2012	7	4	
Oakham	17.8.2012	34	4	4
Ryhall	20.8.2012	20	1	
Uppingham	21.8.2012	12	8	1
Oakham	22.8.2012	30	5	
Oakham	23.8.2012	46	8	7
Ketton	24.8.2012	18	1	
TOTAL		205	46	14

3.2 Impact of changes for Rutland

The Council is working with the other billing and precepting authorities across Leicestershire to model the potential impact of any proposed new local scheme.

The level of Government grant to support the scheme is expected to reduce by 10% nationally, although for Rutland the indicative loss of grant funding based on Government figures is likely to be higher than the national average and currently estimated at 20% which equates to £435,000 (this is based on 2012/13 council tax levels).

Under the new arrangements Council Tax Benefits which are a charge against the General Fund will be replaced by a local scheme that provides discounts for eligible claimants that will be taken into account in calculating the Council Tax Base and fall upon the Collection Fund. The net effect for the Council is that the Council Tax Base will reduce, thereby reducing the amount of council tax income. There are a number of options available to address this financial gap:

- Design a council tax support scheme that reduces expenditure by the amount of the funding shortfall.
- Design a council tax support scheme that reduces expenditure by a proportion of the funding shortfall and then finance the difference either through identifying savings within other services across the Council, or by increasing council tax.

A number of options will be modelled to enable Members when considering the design of the new scheme to understand the financial implications and the mitigating changes that could be made in other areas to avoid an overall adverse effect on the Council's medium term financial position.

3.3 Comparative data from other authorities

Information has been obtained from a number of other Local Authorities (all unitary authorities) across the country and the funding reductions ranges from 16% to 22%, all in excess of the nationally quoted 10% reduction. The main reason for this is that the estimated claimants and indicative funding set out by Government assume that

the number of claimants will reduce over the next year. Based on recent trends, the Authorities referred to expect there to be an increase in demand.

In terms of consultation, most of the Authorities referred to have adopted a similar approach to Rutland in that they are consulting on a number of options, all of which include all non protected groups having to pay something towards their council tax, plus changes to other criteria such as:

- Band D restriction
- Abolishing the second adult disregard
- Counting child benefit as income
- Limiting the capital disregard to less than the current level of £16,000

The proportion that claimants would have to pay ranges from 73% to 17.5% across the Authorities the information was obtained from. Rutland is consulting on a range of 10% to 35%.

Officers will continue to gather comparative information throughout the consultation process.

4. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	High	A scheme must be approved by 31 st January 2013 in order to comply with statutory requirements
Viability	Medium	Shared working including preceptors will increase the viability of delivering a working scheme within the timetable set by Government
Finance	High	A default scheme will operate if the Council does not approve a local scheme by 31 st January 2013 which would have an adverse financial impact for the Council
Profile	High	The agenda for welfare reform is attracting national media attention.
Equality and Diversity	Medium	A full EIA will be required. The impact on all groups will need to be considered prior to and during adoption of a scheme.

Background Papers
None

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A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.